

RESOLUTION NO. 22-2010

Adopted March 16, 2010

AUTHORIZING THE APPLICATION FOR HEALTHY URBAN FOOD ENTERPRISE DEVELOPMENT CENTER GRANT FUNDS, OF AN AMOUNT NOT TO EXCEED \$100,000, FOR PHYSICAL IMPROVEMENTS TO SUPER SAVE MARKET, LOCATED AT 4517 THIRD STREET ON THE NORTHEAST CORNER OF THIRD STREET AND MCKINNON STREET; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (“Agency”) is submitting an application to the Healthy Urban Food Enterprise Development Center (“HUFED”) at the Wallace Center (“Wallace Center”) at Winrock International for \$100,000 in funding from the U.S. Department of Agriculture’s National Institute for Food and Agriculture.
2. HUFED will provide grants and technical assistance for enterprise development and focus on getting more healthy food—including local food—into communities who have limited access.
3. The Wallace Center is improving the ability of small- and mid-sized producers to expand their markets; building capacity among nonprofits and for-profits to strengthen market linkages; and increasing access to fresh and healthy foods for historically underserved populations in both urban and rural areas.
4. Through grants, technical assistance and other activities, HUFED seeks to build local capacity to serve food needs in urban and rural low-income, historically excluded, and traditionally underserved communities and communities of color.
5. The Bayview Hunters Point Redevelopment Project Area is underserved by full-service grocery stores, especially stores that offer a wide range of healthy foods, and fresh fruits and vegetables.
6. The Agency proposes to use HUFED grant funds to fill a portion of the food access gap through physical improvements to Super Save Market (“Super Save Market”), resulting in a larger produce section, exterior changes to make the store more inviting to prospective shoppers, and ongoing technical assistance for business growth.
7. Super Save Market is a 7,000 square foot grocery store that has been in the Bayview Hunters Point neighborhood for over fifty years, located at 4517 Third Street on the northeast corner of Third Street and McKinnon Street in the heart of the Bayview Hunters Point Town Center Activity Node. Super Save Market is the only existing mid-sized grocery store in Bayview Hunters Point.

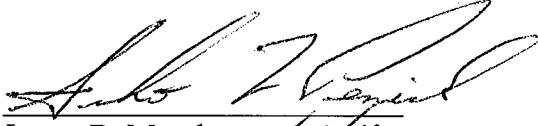
8. The HUFED Grant Letter of Interest, attached hereto as Attachment A and incorporated herein as though set forth at length, lists the project, purpose, and rationale for which the Agency is requesting that HUFED award grant funds for food security program application in Bayview Hunters Point.
9. If awarded funds, the Agency will enter into a contract with the Wallace Center. The Agency would then enter into a grant agreement with Super Save Market for physical improvement to the market.
10. Applying for, and if selected, accepting the HUFED grant funds allows the Agency to provide funding for physical improvements to Super Save Market, as part of a larger strategy to increase availability of healthy foods in Bayview Hunters Point. The improvements consist of interior and exterior alterations of an existing facility, which would not cause any significant adverse change in the physical environment and is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15301(a).

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that:

1. The Executive Director is authorized to apply for, and if accepted to expend, HUFED grant funds in an amount not to exceed \$100,000, for physical improvements to Super Save Market, as part of a larger strategy to increase healthy food access in Bayview Hunters Point Redevelopment Project Area.
2. The Agency has reviewed, understands, and agreed to the General Provisions contained in the contract shown in the Grant Guidelines.
3. The Agency agrees to comply with all applicable federal, state and local laws, ordinances, rules, regulations and guidelines.
4. A copy of this Resolution shall be transmitted to HUFED in conjunction with the filing of the Agency application referenced herein.

APPROVED AS TO FORM:

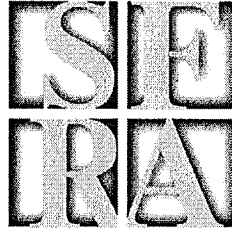

James B. Morales 3/10/10
Agency General Counsel

Attachment A: HUFED grant letter of interest

San Francisco
Redevelopment Agency

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San Francisco, CA 94103

415.749.2400



GAVIN NEWSOM, Mayor

Rick Swig, President
Darshan Singh, Vice President
London Breed
Miguel M. Bustos
Francee Covington
Leroy King

Fred Blackwell, Executive Director

4 March 2010

Attachment A

Healthy Urban Food Enterprise Development Center
Wallace Center at Winrock International
2121 Crystal Drive, Suite 500
Arlington, VA 22202

To whom it may concern:

RE: Larger Enterprise Grant Letter of Interest

The Redevelopment Agency of the City and County of San Francisco (“the Agency”) submits the following proposal for grant funds under the Healthy Urban Food Enterprise Development Center’s Larger Enterprise Grant Program. The intent of use of grant funds is to facilitate a unique partnership between a small business, a private food retail consultant, and a community advocacy group, to fund and facilitate healthier food options for residents of San Francisco’s Bayview Hunters Point neighborhood.

The following is provided per the Wallace Center at Winrock International’s Healthy Urban Food Enterprise Development Center Grant Guidelines:

1. SFRA overview of history, activities, and leadership

The San Francisco Redevelopment Agency (“Agency”), incorporated August 10, 1948, is authorized and organized under the provisions of the California Community Redevelopment Law (“CCRL”). The Agency is an entity legally separate from the City and County of San Francisco, but existing solely to perform certain functions exclusively for and by authorization of the City and County of San Francisco. The Agency operates primarily in redevelopment project areas designated by the Board of Supervisors. In accordance with CCRL, the Agency works to improve the environment of the City and create better urban living conditions through the removal of blight. The Agency's mission today reflects an evolutionary process garnered from over sixty years' experience. The most important elements of today's mission are affordable housing production, economic development, and improvement of quality of life for residents and workers in the Agency’s redevelopment project areas.

The Board of Supervisors adopted the Bayview Hunters Point Redevelopment Plan on May 23, 2006, which created the 1,361 acre Bayview Hunters Point Project Area. The Project Area generally consists of existing residential, commercial, industrial, and public uses in Bayview Hunters Point. The goals of the Redevelopment Plan (Plan) generally include creating new affordable and mixed income housing, furthering economic development, creating jobs, addressing environment problems, providing open space, fostering cultural development, and improving the physical environment and transportation system. The Plan specifically calls for

strengthening the economic base of the project areas by supporting small business and local entrepreneurship.

The Agency's policy framework for food security is shaped by the City and County of San Francisco's ("San Francisco") efforts around food access and nutrition. San Francisco has pursued aggressive policy in this arena. The first policy aimed at addressing food insecurity and physical health came to San Francisco in December of 2003 with the passing of the **Childhood Nutrition and Physical Activity Task Force Resolution**, which was aimed at addressing childhood health issues. In June of 2005 the City of San Francisco joined the **Urban Environmental Accords**, an agreement by mayors of cities from around the world on sustainability and food systems, and the **Organic Certified Foods Resolution**, aimed at maximizing the City's purchase of organic foods. In July of 2005, San Francisco adopted the **Taking Action for a Healthier California Resolution**, which took action to improve nutrition citywide. In August of the same year, the **Food Security Task Force Ordinance** was established, aimed at facilitating a city-wide food security action plan. Next, in July of 2006, the San Francisco Department of Public Health passed the **Healthy and Sustainable Foods Policy** which established sustainable procurement and nutrition standards for the department. In January 2007 the **Farmer's Markets Ordinance** passed, requiring all farmers' markets to accept Food Stamp/EBT cards. Finally in July of 2009 Mayor Gavin Newsom issued his **Executive Directive on Healthy and Sustainable Foods** ("Directive").

As a method of implementing the Directive, the Mayor charged various departments with the task of researching and reporting on each of the Directive's topics; the Agency was tasked with drafting a Food Business Action Plan to package existing policies and programs, and propose new incentivizing measures as a marketing mechanism to support existing food retail and attract new businesses to areas in San Francisco that face challenges to food security. Bayview Hunters Point ("BVHP") is the largest such area, facing significant barriers to food access, as is further explained in Section 5.

2. Statement of Purpose

The Agency's purpose in use of this \$100,000 grant is to pilot the Food Business Action Plan policy framework to assist SuperSave, in reformatting and remerchandising to offer more fresher and more healthful food options by leveraging grant funds and Agency funds in a combination of grants and a low-interest loan agreement that would set the precedent for public/private partnerships for food businesses attempting to address the neighborhood's dire health issues.

3. Goals and Objectives of the Proposed Project

There are three primary goals of the proposed project: 1) to facilitate immediate change at SuperSave, leveraging the owner's investment and the Agency's investment with this grant funding to position the store to sell more produce and healthful food offerings as quickly as possible; 2) to provide longer-term technical assistance through a partnership with a local grocery store consultant to enable SuperSave's business to grow successfully with the reformatted merchandising; and 3) to pilot the policies outlined in the Food Business Action Plan and create a grant and loan agreement with SuperSave that guarantees maintenance of specific parameters in regards to the types of food that the store can and should not sell.

Centered on the commercial spine of BVHP is SuperSave Market, a 7,000 square foot grocery store that has been in the neighborhood for over fifty years. The store was taken over by Sam Aloudi, the current owner, in 1998, when it was not profitable and on the brink of closure. Additionally, the community had begun to have negative associations with the store, owing to its lack of fresh food and negative activities that were occurring in the store's parking lot. Through the last twelve years, Mr. Aloudi has addressed the issues in the parking lot, increased the square footage devoted to produce in the store, and overall increased cleanliness and healthy offerings in the store. Mr. Aloudi further demonstrated his commitment to the store through a \$150,000 personal investment in a fresh and prepared foods counter in the store. As the only mid-sized grocery store in BVHP, SuperSave is uniquely positioned to be a major part of the food access solution in BVHP.

Through implementation of the master plan developed jointly by the project collaborators (explained next in Section 4), these grant funds and an additional Agency investment are proposed to finance the interior modifications, as well as exterior improvements to the physical store. The interior modifications would replace existing shelving with more efficient grocery racks, allowing for an increase and reformatting of total floor area devoted to fresh fruits and vegetables, which would be stored in new energy-efficient refrigeration units. The project would also relocate existing cash stands and liquor sales area to a less prominent portion of the store, allowing the enlarged produce section to take the most prominent position in front of the store windows, which are currently blocked. These modifications would allow for the removal of existing plywood from the front windows and removal of the existing grates on the exterior of the windows so that the store would become transparent from the street and parking lot. Depending on the debt obligation that Mr. Aloudi is able to take on as a result of the Agency's loan capacity of approximately \$300,000, the improvements could include replaced flooring, modifications to the meat market and lighting improvements.

The overall objective in defining these goals is to use SuperSave as a model to address the food security issues in BVHP. Because SuperSave is uniquely positioned with strong collaboration by private and public partners, as detailed in Section 4, the store has a genuine opportunity to move quickly towards increasing healthy food access in the neighborhood. In addition, this partnership can be modeled as a test of the policies proposed to the Mayor's Office by the Agency in the Food Business Action Plan. That is, a successful partnership in this project could strongly influence future food retail programs in San Francisco.

4. Collaborators and Their Roles

There are four collaborating entities involved in this project: the Agency, SuperSave (headed by Mr. Aloudi), the Southeast Food Access working group (SEFA), and Sutti Associates. This unique partnership provides wrap-around services and enables success of this project. The role of each partner is described below:

The San Francisco Redevelopment Agency

The Agency, through goals and policies outlined in the Plan and supported by the Mayor's food policies, is the primary funding partner and the nexus to enable the project to move forward. As

explained above in Section 1, this project allies closely with the Agency's goals and objectives in BVHP.

SuperSave Market/Sam Aloudi

SuperSave Market is the target store, working in partnership with the Agency to address the lack of access to healthy foods in BVHP. Sam Aloudi, as the owner of SuperSave, will enter into a contractual relationship with the Agency to grant and loan funds in accordance with the conditions itemized in the agreement.

Southeast Food Access Working Group

SEFA was originally convened in April 2006 at the Mayor's Challenge: Shape Up San Francisco Summit, and continues to be a project under the Shape Up SF umbrella. SEFA includes representatives from the following agencies and organizations: the Agency, San Francisco Department of Public Health, San Francisco Wholesale Produce Market, San Francisco General Hospital, the Quesada Gardens Initiative, the Bayview Hunters Point Foundation, and the Southeast Health Center, among others. SEFA's role is to serve as a catalyst to facilitate communication, advocacy, and accountability across city and community agencies as well as neighborhood residents to ensure that healthy, fresh, local, sustainable, and affordable produce is accessible to all residents of the BVHP.

Through the efforts of a previous project, the Good Neighbor program, which also advocated for greater healthy food access, the availability of fresh produce at Supersave had increased. SEFA built upon this work and was the original partner with SuperSave in planning for reformatting of the store to provide for a truly abundant fresh produce section and to maximize space for healthy foods in general. Together with Sutti Associates, the final partner, SEFA worked with SuperSave to draft a master plan for modifications to the store, which included a revised floor plan and budget for proposed changes. SEFA will further partner with the Agency through its food system and nutrition advocacy program, the Food Guardians, who will assist with defining the conditions to be inserted into the contract between the Agency and SuperSave. Food Guardians will promote the availability of fresh produce at the store.

Sutti Associates

John Sutti founded Sutti Associates in 1976 and it has become one of the top retail grocery store design companies in the United States. His firm has worked with virtually every grocery store in the Bay Area and provides a full range of grocery store merchandising services.

After a number of assessment visits to the Super Save store, Mr. Sutti very quickly developed a much needed long-term vision and master plan to renovate and reposition the store.

The Agency is now in the process of entering into a small contract with Sutti Associates to provide assistance to Mr. Aloudi with the beginning of the master plan vision. This includes merchandising surveys of existing customers, negotiation with supply vendors, construction drawings, and permitting. Sutti Associates will also review the SEFA Food Guardians' recommendations on conditions for agreement with SuperSave to be sure they fit a profitable model for SuperSave. Additionally, the Agency will contract with Sutti Associates for longer term technical assistance to assist Mr. Aloudi with sustaining the growth of his business. The Agency, Mr. Aloudi, SEFA, and Sutti Associates are in agreement that this technical assistance

piece is the most important investment to be made at SuperSave, in order for each party's investment to be worthwhile long term.

5. Activities and intended impact; how underserved communities will benefit

Bayview Hunters Point is a uniquely diverse neighborhood in San Francisco, owing to its rich history as a center of heavy industrial and military operations. A working class community for most of its history, Bayview Hunters Point has seen tidal in- and out-migration as job bases expanded and protracted on the nearby Hunter Point Naval Shipyard, slaughterhouse district, and other light and heavy industry and manufacturing. The Bayview Hunters Point neighborhood today houses a disproportionate share of public housing, outmoded industrial buildings, brownfield sites, and abandoned warehouses compared to the rest of the City. It is also a gem of multiculturalism, with a burgeoning small business community and one of the highest single-family homeownership rates in San Francisco.

Data from the 2000 U.S. Census reveal that BVHP is home to 34,650 people, approximately 45 percent of whom identify themselves as African American, 30 percent identified as Asian/Pacific Islander, and about sixteen percent identified as Latino. In contrast to greater San Francisco, where nearly 50 percent of residents are white, only 9.2% identified as white in BVHP. Median income in the BVHP neighborhood is \$43,950, more than \$15,000 less than the Citywide median. More than 20 percent of the population lives below the poverty level. Approximately 37 percent of adults over 25 have less than a high school degree, and about 30 percent of the population are children. According to the San Francisco Safety network, the BVHP neighborhood experiences higher rates of homicide, physical assault, and rape/sexual assault than other San Francisco neighborhoods. High rates of poverty, overcrowded living conditions, school failure, and lack of access to services are all community risk factors strongly associated with violence.

There are very few sources of fresh food in or near BVHP. According to a study done in partnership between SEFA and Mayor Gavin Newsom's Shape Up San Francisco program in 2007, BVHP residents have been asking for quality grocery stores in their neighborhood for 20 years. Currently, only 38% of BVHP residents live within 0.5 miles of a full-service grocery store. More than half (58%) are currently buying their food at full-service grocery stores located outside of the neighborhood in order to gain access to better food. This is especially problematic given the difficult access to public transit and the high number of households that do not have access to private vehicles.

Reasons cited for not purchasing food from the food retail locations currently in the neighborhood included poor quality, selection, and lack of freshness. According to the San Francisco Department of Public Health, the lack of fresh food in the BVHP neighborhood has contributed to a high prevalence of nutrition-related illnesses including obesity (50%), diabetes (20%), and heart disease (40%). BVHP also has San Francisco's highest rate of ambulatory hospitalizations for adult uncontrolled diabetes and congestive heart failure, and also accounts for a disproportionate amount of deaths from hypertension/heart disease. Given the acute nature of the health problems associated with a lack of healthy food and the direct policy alignment with San Francisco's broader food policies, this partnership with SuperSave has immense potential to make significant positive impacts in the neighborhood.

6. Technical assistance (if any) to develop the project

As introduced in Section 4, the Agency will contract with Sutti Associates to provide technical assistance to SuperSave. In the Agency's research for the Food Business Action Plan, as well as in discussions with John Sutti, technical assistance emerged as the single most important element in supporting food retail businesses as they attempt to transform their merchandise and store layout. Under the umbrella of technical assistance, Sutti Associates will deal directly with vendors to negotiate the growth and remerchandising of SuperSave, and will put together a business plan and facilitate periodic evaluations of SuperSave's business performance. Because the Agency is committed to improving the quality of life of BVHP residents, and SuperSave presents the only existing opportunity of a mid-size grocery store in the neighborhood, ensuring the success of this transition is essential.

7. Major obstacles to achieving goals and your plans to address the obstacles

The primary obstacle to achieving this goal to date has been funding. The Agency has limited funding to spread across a range of projects, each of which addresses a particular goal or objective outlined in the Plan. This grant opportunity provides a chance for this project to move forward without an unsupportable loan repayment obligation on the part of Mr. Aloudi and SuperSave.

Additional obstacles to success include the perception by some members of the community of SuperSave as unsafe, unclean, and lacking in healthy foods, and lack of familiarity on how to eat for nutrition and how healthy foods can improve personal health. As it is important that SuperSave emerges as a successful business model, community education must be aligned with the healthier product offerings that will be available at SuperSave, so that merchandise moves quickly.

The Agency plans to address these two issues jointly, using a two-pronged approach. The first is positive marketing about SuperSave and new investments in the store to address the negative perception issues as well as advertise the healthier food options. The second is a greater partnership with SEFA to focus on working with the community on nutrition issues, including cooking demonstrations, recipe cards, and general health information. This tactic of approaching the obstacles from both sides has the greatest impact for incremental progress.

8. How success will be measured

Success for this public/private partnership will be measured in three principal ways: 1) the overall economic position of SuperSave through the transition and the loan repayment term, which is expected to be between five and ten years; 2) the ability of Mr. Aloudi to comply with the conditions set forth in the grant/loan agreement language as purported by the Agency, SEFA, and Sutti Associates, while still growing his business; and 3) the growth in percentage of healthy food offerings, as defined in the grant/loan agreement terms. Because of the joint goals of supporting a local small business and addressing healthy food access issues, success must be measured both in terms of healthy food sales and SuperSave's ability to repay his debt obligation to the Agency while operating profitably.

9. What you anticipate learning and how it will be captured, shared, and communicated

Through the process of partnering with SuperSave in this venture, the Agency anticipates collecting lessons learned on how to create parameters for funding of other stores in similar situations to SuperSave. While grant funding such as this may not be available, the Agency will seek to leverage public and private sources to finance the reformatting and merchandising of other stores who wish to be part of the food insecurity solution. Through this process of documenting and sharing information, the Agency and SEFA have the opportunity to formalize a process around which other stores can mobilize and move towards healthier communities.

The Agency will summarize successes and lessons learned to share with the Agency Commission, the primary decisionmaker for Agency actions and budgets. In addition, the Agency has a formal community body in BVHP, known as the Project Area Committee (PAC), and formed under the auspices of CCRL. The PAC is the Agency's first stop for all funding decisions, as they function as an advisory body on use of the BVHP budget and land use decisions. These lessons learned will further be shared with other City agencies and departments, and will contribute to the formation of subsequent action plans, agreements, and policies for other food business in BVHP, and other areas experiencing barriers to food access.

Thank you very much for your review of this letter of interest. Please contact us with any questions or requests for clarification on this address. You may contact Licinia McMorrow, the project contact, by phone at 415.749.2412 or email at licinia.mcmorrow@sfgov.org.

Sincerely,



Licinia McMorrow
Assistant Project Manager—Bayview Hunters Point
San Francisco Redevelopment Agency